PRESIDENT: The question before the House is that in Clause 11, sub-clause (3) for the words "recovered as if they had been awarded in an appeal under the said Code", substitute the words "recoverable by any Civil Court directed by the High Court as if they were payable under a decree of such Civil Court."

The amendment was put to the vote of the House and carried.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I beg to move that the Bill as amended be passed into law.

MR. C. V. CHANDRASEKHARAN (*Ag. Director of Public Instruction*): I second it.

PRESIDENT: The motion before the House is that the Bill be passed into law.

MR. A. S. DAMODARAN ASAN (*Mavelikara*): On a point of order. After the third reading, the Bill, has to pass through another stage so that it may begin its operation? Therefore may I submit that the Bill be passed is the correct procedure to be adopted.

PRESIDENT: Yes.

The motion before the House is that the Bill as amended be passed.

The motion was carried and the Bill was passed.

THE TRAVANCORE LIFE ASSURANCE COMPANIES BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I beg to present the report of the Select Committee on the Travancore Life Assurance Companies Bill and beg to move that the Bill as reported be taken into consideration.

MR. C. V. CHANDRASEKHARAN (*Ag. Director of Public Instruction*): I second it.

The motion was carried.

Clauses 1 to 3.

The question that Clauses 1 to 3 do stand part of the Bill was put to vote and carried.

The Clauses were added to the Bill.

[At this stage the Deputy President occupied the Chair.]

Clause 4.

MR. R. SIVARAMAN NAIR (*Tiruvalla II*): I beg to move:—

"*In Clause 4, sub-clause (1) line 6, substitute "ten" for "twenty-five"*.

Clause 4 relates to deposit that an Insurance Company has to make, to start with. In the case of Companies that are functioning from the commencement of this Regulation they must make a deposit of Rs. 25,000. This process of depositing must continue till the deposited sum comes to Rs. 2 lakhs. In British India when the Bill was first introduced there was a great protest from the public and the Select Committee found it necessary to reduce Rs. 1 lakh to Rs. 25,000. Sir, in Travancore the conditions are much worse than in British India. In British India there may be a good number of capitalists who may be

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able to make such big deposits and start the business of life assurance. In Travancore there are very few capitalists and even those few are very shy of beginning such concern. There are small Companies here which will find it difficult to make such a big deposits. Though a Company may be small it may be carrying on its business very well. It may get the confidence of its clients. It is possible that a Company may be doing its business most scientifically even though it is a small Company. Will those small Companies be able to make such a big deposit? I submit they will not. Are such Companies to be closed simply because they happen to be small? I am aware that the security of policy holders is the primary concern of the Life Assurance Companies. Yet I ask whether it is not sufficient that they be asked to make further deposits year by year and thus reach a sum of Rs. 2 lakhs. My only point is that the first, that is, the initial deposit should be reduced to Rs. 10,000. I do not say that its further deposits should be reduced.

We must remember in this connection that Companies registered in British India but which have their branches here have to make no initial deposit here. They will have only to get a declaration. Our small Companies will have to compete with the big British Indian Companies.

MR. S. CHATTANATHA KARAYALAR (*Shencotta*): Are there foreign Companies that are registered in Travancore apart from the branches of them ?

MR. R. SIVARAMAN NAIR (*Tiruvalla II*): I am sorry, I did not hear the honourable member.

The only question is whether initial deposits to be made by our Companies should be Rs. 25,000 or Rs. 10,000. I do not want to make a further reduction in their deposits. My point is that their initial deposits should be Rs. 10,000, but further deposits may be as is provided for in the Clause, till the amount is Rs. 2 lakhs.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): I second it.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I oppose the amendment. Mr. Sivaraman Nair has already pointed out that the provision in the British Indian Act which lays down that the Companies should deposit a sum of Rs. 25,000. His plea is that, in Travancore, these Companies should be allowed to start on a reduced amount as initial deposit. I entirely disagree. The Life Assurance Companies must be more solvent than any other Companies because they have to deal with men's affairs after they are dead and gone. It is the bounden duty of the Legislature to see that Life Assurnace Companies are placed on a very solvent condition from the very start. If a Company is registered in Travancore it may not have sufficient scope in Travancore for its proper working. It has to go to British India and elsewere and work there. In that case if the British Indian people come to know that the initial deposit of those Companies is smaller in Travancore, they may think that the Company is not in such a solvent condition as the Companies of British India.

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[Mr. Kayalam Paramesvaran Pillai.]

British Government may not also recognise the Travancore Companies as fit to work in British India. For this reason also we have to follow the same rule as in British India.

DEPUTY PRESIDENT: The question before the House is that in Clause 4, sub-clause 1, line 6, substitute "ten" for "twenty-five".

The amendment was put to the vote of the House and lost.

The question that Clause 4 stand part of the Bill, was put to vote and carried.

The Clause was added to the Bill.

Clause 5.

MR. R. SIVARAMAN NAIR (*Tiruvalla II*): I move the following amendment:—

"*In Clause 5 before the explanation insert the following*:

The Life Assurance Fund of every Life Assurance Company shall be invested in Government securities as defined by Travancore Government Securities Regulation, III of 1099 or in such other securities as notified in Our Government Gazette."

Section 5 relates to the separation of the life fund. When Life Assurance Companies are also transacting other business than life assurance they are to have a separate fund called the life fund. My amendment says that such life fund must be invested in Travancore Government securities or such other securities so notified in the Travancore Government Gazette.

The Law Member stated when he opposed my previous amendment that the security of the policy holder is the primary concern of the Life Assurance Companies. I concede that. That is why I have proposed this amendment. In British India when this Section was incorporated in the Bill there was a great difference of opinion about this. In the Select Committee there was a minute of dissent. Some members of the Committee held that there must be greater security in India than elsewhere for the policy holders. The minute of dissent reads thus:

> "We are of opinion that in view of the circumstances of this country, it is not desirable that Insurance Companies should have unrestricted freedom in the matter of investment of funds. The protection of the interests of the policy holders is of paramotunt importance, and in our opinion, as in that of several local Governments and qualified persons, the Bill does not provide adequate safeganrd for this purpose. We consider it necessary that the law should expressly lay down that the greater portion of Insurance Fund should be invested in one or more of the securities specified in S of 20 the Indian Trusts Acts."

Sir, when the British Indian Bill of 1912 was circulated to the different Provincial Governments, most of them expressed the opinion that the security of the policy holder in India required greater protection than elsewhere. All the chambers of commerce in British India were also of the same opinion. They all were of opinion that some sort of restriction should be made in the investment of funds.

Under the Section we find an unrestricted right of the management to invest their funds in any manner they choose. They may invest it in commerce or any other speculative concern. The question is whether we should allow that.

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The money invested in a Life Assurance Company is in the nature of trust money. The Company holds that money in trust for the policyholders or their nominies to be paid to them whenever the contingency insured against occurs. It will be a poor consolation to him then to say that the money is invested in trade or some such concern. There must be ready money. It is safer to make a provision restricting the power of investing this trust money in whatever concern they choose.

To me it appears that simple and uninformed as the bulk of the assured are, it is the duty of the Government to see that they are not made the dupes of speculators and cheats. It may be said with great force that under the peculiar circumstances in this country the Assurance Fund should not be invested in any except undoubtedly good and safe securities. We are aware that assurance business and insurance are exotic in Travancore and over and above the ignorance which prevails among the masses, there is even amongst the educated class a total lack of knowledge on the subject. Hence the greater need of investment of life funds in only safe securities.

Publicity will not be of much use to the ignorant policyholder. The Government—slow as we know its movements are may step in but it may be after the mischief has been done.

To me it appears, Sir, that the policy-holders in Travancore require greater protection than in British India or inEngland. Hence my amendment.

MR. PUTHUPALLI S. KRISHNA PILLAI (*Quilon II*): I second the amendment. In doing so I beg to submit that the Life Insurance Act is now being reconsidered by the British Indian Government. The present Bill is drawn up on the lines of the British Indian Act which will soon be amended. Sub-clause (*d*) of Clause 40 of the Bill is a new Clause introduced by the Select Committee. It says: —

> "provided that any portion of the investments of any Life Assurance Company carrying on business within Travancore shall be in such securities as may be notified by Our Government in that behalf in Our Government Gazette."

This provision to some extent provides for the amendment now proposed. No doubt the amendment now proposed is more extensive in its scope. From what I read about the new changes proposed to be brought about in the British Indian Act, I find that it is something like the one contained in this amendment.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I oppose this amendment. Mr. Krishna Pillai rightly pointed to an important provision made by the Select Committee which may be availed of to compel that portions of the investments of a Life Insurance Company shall be in Travancore. To that extent I agree with the sentiments expressed both by the mover and seconder of the amendment. But I cannot accept the amendment. The amendment is —

> "The whole of the Life Assurance Fund of Travancore Companies should be invested in Travancore and the Companies having head office outside Travancore but carrying on business in Travancore should invest in Travancore from their Life Fund not less than the share of their business in Travancore".

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[Mr. Kayalam Paramesvaran Pillai.]

If the whole thing is inserted thus, wherefrom money is to come when an insured man dies. Money must be available for paying the claims. If not the fundamental object of Life Insurance will be defeated. For that simple reason this amendment cannot be accepted.

Apart from that objection to this amendment, we can, no doubt, agree that the investment of such funds as are available, must be in certain specified securities. But to say that it must be in Travancore may be objectionable as well as impracticable. If we make such an enactment there may be retaliation from other quarters. Moreover there will not be people for investment from outside Travancore. There is no guarantee of Travancore securities being available. Therefore it is best to make a provision to give power to the Government to frame appropriate rules.

MR. R. SIVARAMAN NAIR (*Tiruvalla II*): I do not press the motion.

The motion by leave was withdrawn.

The question that Clause 5 stand part of the Bill was put to vote and carried.

The Clause was added to the Bill.

Clauses 6 to 41.

The question that Clauses 6 to 41 stand part of the Bill was then put to vote and carried.

The Clauses were added to the Bill.

SCHEDULES I to VI.

The question that Schedules I to VI stand part of the Bill was then put to vote and carried.

The Schedules were added to the Bill.

Preamble.

The question that the Preamble stand part of the Bill was then put to vote and carried.

Title.

The question that the Title do stand the Bill was put to vote and carried.

The Title was added to the Bill.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): As no amendment has been carried, I beg to move that the Bill be passed.

MR. C. V. CHANDRASEKHARAN (*Ag. Director of Public Instruction*): I second it.

The motion was put to vote and carried.

The Bill was passed.

[At this stage the President occupied the Chair.]

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